

AR51



THE
EASTERN CANADA
SAVINGS AND LOAN COMPANY



88th
Annual Report
1975

BOARD OF DIRECTORS

H. Reuben Cohen, Q.C.	Barrister-at-Law
*†Harold P. Connor	Chairman, National Sea Products Ltd.
Edward F. Crease	President, Alfred J. Bell & Grant Ltd.
W. John MacInnes, Q.C.	Senior Partner, MacInnes Wilson & Hallett
Carlisle Norwood	Chairman, Major Vending Limited
Henry B. Rhude, Q.C.	Partner, Stewart, MacKeen and Covert
*†Donald M. Smith	President, J. E. Morse & Co. Ltd.
*†Gordon D. Stanfield	President, Starr Manufacturing Ltd.

*FINANCE COMMITTEE

†EXECUTIVE COMMITTEE

EXECUTIVE OFFICERS

Harold P. Connor	Chairman of the Board
Donald M. Smith	President and Chief Executive Officer
Gordon D. Stanfield	Vice-President
*Douglas H. Cochrane	Vice-President-Administration and General Manager
Harold Kempster	Assistant General Manager and Secretary



Halifax, N.S.



St. John's, Nfld.



Fredericton, N.B.



Charlottetown, P.E.I.

Cover: Aerial photographs of the capital cities of the four Atlantic Provinces.



THE
EASTERN CANADA
SAVINGS AND LOAN COMPANY
HALIFAX, NOVA SCOTIA, CANADA

88th
ANNUAL REPORT
1975

Head Office: 1819 Granville St., Halifax, Nova Scotia

Federally Incorporated and Supervised

Established 1887

Member: Canada Deposit Insurance Corporation



HIGHLIGHTS OF 1975

	1975	1974	Increase
Operating income before taxes	\$5,905,000	\$4,292,000	37.6%
Income Taxes			
Current	2,469,000	1,187,000	
Deferred	363,000	928,000	
	<u>2,832,000</u>	<u>2,115,000</u>	33.9%
Operating income before securities gains	3,073,000	2,177,000	41.2%
Securities gains, less related income taxes	<u>27,000</u>	<u>8,000</u>	
Net income for the year	<u>\$3,100,000</u>	<u>\$2,185,000</u>	41.9%
Earnings per share			
Income before securities gains	\$ 1.22	\$.95	
Securities gains01	—	
Net income per share	<u>\$ 1.23</u>	<u>\$.95</u>	29.5%
Dividends Paid	\$1,618,000	\$1,390,000	16.4%

For Income Tax purposes The Eastern Canada Savings and Loan Company Stock was quoted at \$12.50 per share on Valuation Day, December 22, 1971.

88th Annual General Meeting
Holiday Inn
1980 Robie Street, Halifax, N.S.
2:30 p.m., 4th March 1976



REPORT OF THE DIRECTORS

January 30th, 1976

TO THE SHAREHOLDERS:

On behalf of the Board of Directors, it is a pleasure to present the 88th Annual Report of The Eastern Canada Savings and Loan Company, including the Financial Statements and the Auditors' Report for the fiscal year ending December 31, 1975.

Your directors are pleased to report that your Company experienced an exceptionally good year, and the Net Income after taxes is at an all time high. Good growth has been enjoyed in all aspects of our business.

EARNINGS

After providing for the cost of borrowed money, administration expenses, and income taxes of \$2,832,000, the operating income of your Company amounted to \$3,073,000. During the year, the Company realized gains on the sale of securities which, after providing for taxes, amounted to \$27,000 making a total net income for 1975 of \$3,100,000, an increase of 41.9% over the corresponding figure of 1974.

Earnings per share are \$1.23 as compared to \$.95 per share in 1974.

DIVIDENDS

Dividends of 15¢ a share were paid on April 1 and July 1. The dividend was increased to 17¢ and paid on October 1 and January 1, 1976, making a distribution of 64¢ a share in respect of 1975 earnings as compared to 60¢ a share in 1974. With the exception of one year only, your Company has increased dividends every year since 1959. Total dividends paid in 1975 were \$1,618,000 as compared to \$1,390,000 in 1974, an increase of 16.4%.

ASSETS

At December 31, 1975, the assets of your Company were \$411,973,000 as compared to \$368,817,000 at December 31, 1974, an increase of \$43,156,000 or 11.7%. The annual report of



1965 noted that after 78 years, the assets of this Company exceeded \$100,000,000. We are proud of the rapid growth of the last decade which has seen the assets increase fourfold.

MORTGAGES

The mortgage portfolio in 1975 grew by \$39,431,000, or 11.4%, to a total of \$385,400,000 as compared to \$345,969,000 for 1974. This rate of growth reflects a number of factors—a shortage of money for mortgage lending in the early months of the year and a reduced demand for mortgages due to the slowdown in construction in the last half of 1975.

CONSUMER LOANS

This division of the Company business, which is primarily mobile homes, continued to grow and showed an increase of 30.75%. The slower rate of growth reflects the financial and economic restraints in effect during the latter part of the year.

DEBENTURES AND DEPOSITS

Deposits grew very substantially during the year increasing by 21.7%. The Debenture portfolio increased by 10.7% to \$340,838,000. Interest rates declined during the early months, and the lower cost of money, both for savings deposits, debentures and short term money was an important factor in the improved profit of 1975 as compared to 1974.

INVESTMENTS

The bond portfolio increased by 26.2% to \$14,255,000. The Company purchased bonds acceptable to the Federal Department of Insurance for liquidity purposes in order to increase borrowing powers from 20 to 23 times the excess of assets over liabilities. Competent consultants advise your Company, and the yield to maturity has continued to improve. The common stock portfolio of the Company consists of bank, utility, and high grade common stocks. The market value is well in excess of the book value but is adversely affected by the general market conditions. Trading during the year resulted in a net gain after taxes of \$27,000, or approximately 1¢ a share, and the item is to be found in the statement of income.



STAFF

The Company has 140 employees. The dedicated services of the staff of your Company are well known to the public and the directors. This group of men and women, most of them long time employees, make a substantial contribution to the success we enjoy, and the directors take this opportunity to express their appreciation.

SHAREHOLDERS

There are 1,972 shareholders resident in the Atlantic Provinces, 161 in other parts of Canada, and 41 residing outside Canada for a total of 2,174, as at December 31, 1975.

MERGER

A Special General Meeting of the Shareholders of your Company held on September 5, 1975, authorized your directors to seek legislation which would permit the merger of your Company with Central and Nova Scotia Trust Company. That legislation was enacted by Parliament on Thursday, December 18, 1975, and received Royal Assent on Saturday, December 20, 1975. This enabling legislation will now permit your directors to negotiate an Amalgamation Agreement. If, in the opinion of your directors, a satisfactory agreement is negotiated, it will be submitted to you for approval at a Special General Meeting duly called for that purpose, notice of which meeting will be given at least six weeks prior to the date of the meeting and a copy of the Amalgamation Agreement will accompany the notice so that each shareholder will have ample time to study its contents and form a reasoned judgement concerning the proposed amalgamation of the two companies.

I can report that the studies necessary to develop an Amalgamation Agreement are proceeding and you will be advised of the results in due course.

OUTLOOK

The number of housing starts in 1975 fell far short of the need, which continues to be great.

Various measures adopted by the Federal Government are anticipated to create building activity in the housing field, and therefore the outlook for the mortgage business in 1976 is encouraging.



However, this situation is necessarily dependent on the effect of the Federal Government's economic policy, which has not as yet been firmly established.

Your Company looks optimistically to 1976 and the opportunity it will afford us to aid in easing the housing shortage.

On behalf of the Board,

DONALD M. SMITH,
President and
Chief Executive Officer



STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1975

with comparative figures for 1974

	1975	1974
Income:		
Interest from loans and advances	\$38,336,000	\$32,767,000
Interest and dividends from investment securities	1,594,000	1,118,000
Other operating income	309,000	157,000
	<u>40,239,000</u>	<u>34,042,000</u>
Expense:		
Interest on deposits and borrowings	31,537,000	27,315,000
Salaries and staff benefits	1,394,000	1,221,000
Premises expense	193,000	136,000
Depreciation	100,000	103,000
Other operating expenses	1,110,000	975,000
	<u>34,334,000</u>	<u>29,750,000</u>
Operating income before taxes	5,905,000	4,292,000
Income taxes:		
Current	2,469,000	1,187,000
Deferred	363,000	928,000
	<u>2,832,000</u>	<u>2,115,000</u>
Operating income before securities gains	3,073,000	2,177,000
Securities gains, less related income taxes	27,000	8,000
Net income for the year	<u>\$ 3,100,000</u>	<u>\$ 2,185,000</u>
Earnings per share (note 3)		
Income before securities gains	\$ 1.22	\$.95
Securities gains01	—
Net income for the year	<u>\$ 1.23</u>	<u>\$.95</u>

See accompanying notes to financial statements.

BALANCE SHEET

WITH COMPARATIVE

ASSETS

	1975	1974
Cash and short term deposits	\$ 8,336,000	\$ 7,137,000
Income taxes recoverable.....	30,000	732,000
Accrued interest on investments.....	312,000	243,000
Investment securities:		
Bonds (note 1)	14,255,000	11,293,000
Stocks, at cost		
(Quoted market value		
1975—\$2,396,000		
1974— 2,057,000)	2,269,000	2,191,000
	16,524,000	13,484,000
Allowance for diminution in		
value of bonds.....	350,000	350,000
	16,174,000	13,134,000
Mortgages, agreements and accrued interest.....	385,400,000	345,969,000
Premises, office equipment and furnishings, at cost	2,315,000	2,257,000
Accumulated depreciation.....	1,170,000	1,075,000
	1,145,000	1,182,000
Leasehold improvements, at cost less amounts		
written off.....	18,000	21,000
Other assets.....	558,000	399,000
	<u>\$411,973,000</u>	<u>\$368,817,000</u>

See accompanying notes to financial statements.

DECEMBER 31, 1975

FIGURES FOR 1974

LIABILITIES

	1975	1974
Deposits and borrowings:		
Deposits	\$ 36,529,000	\$ 36,529,000
Debentures and accrued interest	307,807,000	307,807,000
Mortgagors' deposits for taxes	3,634,000	3,634,000
	<u>389,173,000</u>	<u>347,970,000</u>
Other liabilities:		
Dividend payable	379,000	379,000
Miscellaneous	123,000	123,000
	<u>502,000</u>	<u>502,000</u>
Deferred income taxes (note 2)	2,052,000	2,052,000
Shareholders' equity:		
Capital stock:		
Authorized—3,000,000 shares par value \$1 per share		
Issued and fully paid—2,527,920 shares	2,528,000	2,528,000
Contributed surplus	4,504,000	4,504,000
General reserve	6,000,000	6,000,000
Retained earnings	5,261,000	5,261,000
	<u>19,771,000</u>	<u>18,293,000</u>
	<u>\$111,971,000</u>	<u>\$368,817,000</u>

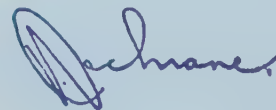
On behalf of the Board:



Donald M. Smith
President



Gordon D. Stanfield
Vice-President



Douglas H. Cochrane
Vice-President—Administration
and General Manager



STATEMENTS

OF CONTRIBUTED SURPLUS, GENERAL RESERVE AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1975

with comparative figures for 1974

Contributed Surplus

	1975	1974
Balance, at beginning of year.....	\$ 4,504,000	\$ 1,976,000
Premium on issue of capital stock.....	—	2,528,000
	<u>4,504,000</u>	<u>4,504,000</u>
Transfer to general reserve	<u>4,504,000</u>	—
Balance, at end of year	<u>\$ —</u>	<u>\$ 4,504,000</u>

General Reserve

Balance, at beginning of year.....	\$ 6,000,000	\$ 6,000,000
Transfer from contributed surplus.....	<u>4,504,000</u>	—
Transfer from retained earnings.....	<u>3,096,000</u>	—
Balance, at end of year	<u>\$ 13,600,000</u>	<u>\$ 6,000,000</u>

Retained Earnings

Balance, at beginning of year.....	\$ 8,261,000	\$ 4,466,000
Net income for the year	<u>3,100,000</u>	<u>2,185,000</u>
	<u>8,361,000</u>	<u>6,651,000</u>
Deduct:		
Dividends.....	<u>1,618,000</u>	1,390,000
Transfer to general reserve	<u>3,096,000</u>	—
	<u>4,714,000</u>	<u>1,390,000</u>
Balance, at end of year	<u>\$ 3,647,000</u>	<u>\$ 5,261,000</u>



AUDITORS' REPORT

TO THE SHAREHOLDERS

We have examined the balance sheet of The Eastern Canada Savings and Loan Company as of December 31, 1975 and the statements of income, contributed surplus, general reserve and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1975 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Halifax, N.S.
January 14, 1976.

NOTES TO FINANCIAL STATEMENTS

1. Bonds

The company carries its bonds basically at amortized cost. Where this type of investment is sold, the difference between the sale price and the carrying value is accounted for by the 'deferral and amortization' method and no loss or gain is reflected in income at the date of sale, unless the total investment in such fixed term securities is reduced. Any gain or loss on such sales is amortized to income over the remaining term to maturity of the investment sold. In the normal course, the proceeds are reinvested in bonds of similar quality. The 'deferral and amortization' of losses or gains on sales serves to effectively adjust the yields on the new bonds acquired.

At December 31, 1975, losses deferred under this method amounted to \$45,740.

2. Deferred Income Taxes

Deferred income taxes have arisen as a result of the deduction in computing income for tax purposes of amounts allowable in respect of a mortgage reserve and other items in excess of amounts provided for in the accounts. The recorded amount of \$2,415,000 relates to the period commencing in 1968 when the company adopted the tax allocation basis of accounting. No provision has been made for the amount of \$1,059,000 relating to 1967 and prior years.

3. Earnings Per Share

Earnings per share are based on a weighted average of shares outstanding during the period of 2,527,920 and in 1974, 2,304,610.

4. Amalgamation

Negotiations are taking place with Central & Nova Scotia Trust Company concerning the possible amalgamation of the companies. Any amalgamation agreement negotiated by the Directors must be submitted to the shareholders for their consideration and approval, and if approved, will not be binding on the company until it is approved by the Governor in Council on the recommendation of the Minister of Finance.

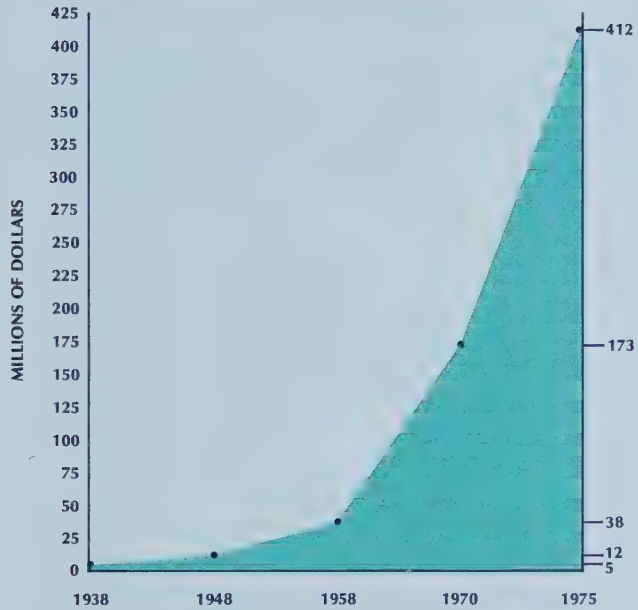


RECORD OF GROWTH

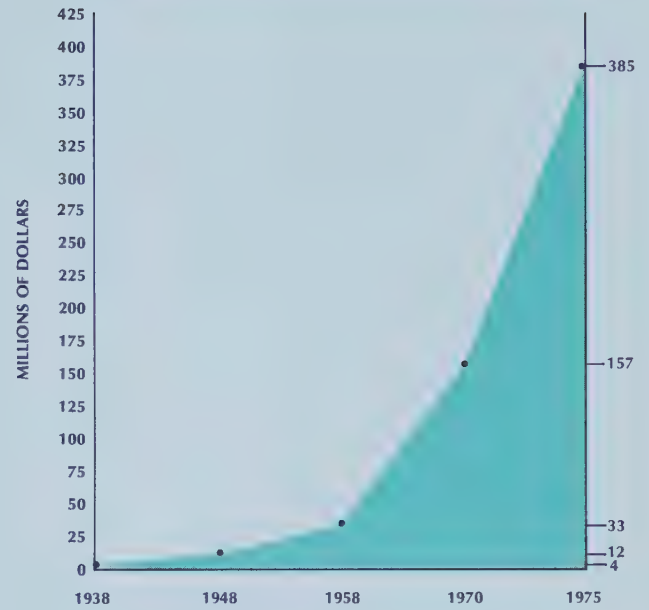
FISCAL YEAR	ASSETS	MORTGAGES	DEBENTURES AND DEPOSITS	CAPITAL RESERVES AND SURPLUS	NET INCOME	EARNINGS PER SHARE	DIVIDENDS PER SHARE
1898	\$1,225,000	392,000	\$100,000	129,000	\$11,900	11.2	8.0
1908	3,475,000	720,000	425,000	340,000	23,700	9.0	7.0
1918	2,194,000	1,624,000	1,110,000	599,000	44,000	11.7	8.0
1928	1,337,000	3,171,000	1,196,000	1,135,000	65,000	11.6	8.0
1938	4,334,000	4,079,000	1,806,000	1,161,000	85,000	8.7	7.0
1948	14,000,000	11,519,000	10,277,000	1,812,000	119,000	13.8	7.0
1958	32,235,000	33,024,000	22,332,000	3,603,000	153,000	23.5	11.0
1962	60,346,000	58,407,000	30,273,000	5,342,000	166,000	26.7	18.5
1966	135,316,000	105,461,000	65,333,000	7,517,000	278,000	36.4	25.0
1967	132,331,000	111,736,000	113,333,000	7,884,000	321,000	41.0	25.0
1969	185,160,000	133,601,000	124,008,000	8,514,000	400,000	45.4	29.0
1970	172,245,000	156,557,000	160,545,000	8,986,000	522,000	53.6	30.0
1971	203,380,000	190,647,000	194,040,000	9,844,000	548,000	77.4	38.0
1972	1,276,175,000	232,985,000	73,791,000	13,446,000	2,385,000	1.09	46.0
1973	1,112,000,000	297,975,000	300,911,000	14,689,000	1,346,000	1.14	58.0
1974	1,003,311,000	345,969,000	333,310,000	18,293,000	2,185,000	.95	60.0
1975	1,133,313,000	385,400,000	405,296,000	19,775,000	3,100,000	1.23	64.0

1938-1975

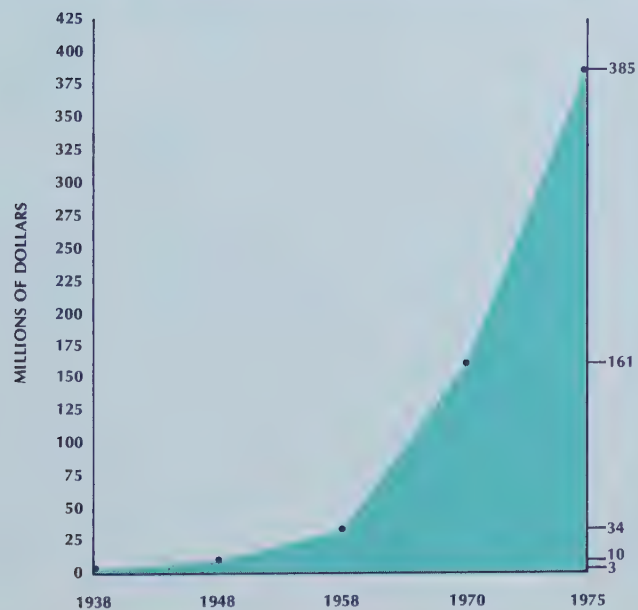
38 YEAR RECORD FOR ASSETS



38 YEAR RECORD FOR MORTGAGES



38 YEAR RECORD FOR DEBENTURES AND DEPOSITS





SERVICES

MORTGAGES

residential, commercial and industrial. Conventional and M.I.C.C. insured.

DEBENTURES

registered, accumulative and bearer. A trustee investment in the Provinces of Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Ontario, Alberta and Saskatchewan.

SAVINGS ACCOUNTS

with chequing privileges

SAVINGS ACCOUNTS

non-chequing. Over the counter withdrawal privileges.

SHORT TERM INVESTMENTS AND DEPOSIT CERTIFICATES

rates available upon request.

MONEY ORDERS

TRAVELLERS CHEQUES

Canadian & U.S.

SAFETY DEPOSIT BOXES


MOBILE HOME LOANS

Competitive Interest Rates
Maximum 12 year term
Life Insured Loans
Efficient Service

Inquiries and referrals will be welcomed on any of these services.

DEBENTURE

No. D


**THE
EASTERN
CANADA**
 SAVINGS AND LOAN
 COMPANY

in
the principal sum of

_____ maturing

A.D. 19
bearing interest at
% per annum.

Principal and interest
payable at the
Head Office of the Company
Halifax, Canada.

Negotiable without charge at any
Branch of any Chartered Bank in
Canada.

A TRUSTEE INVESTMENT
in the Provinces of


Nova Scotia, New Brunswick,
Newfoundland, Prince Edward Island,
Ontario, Alberta and Saskatchewan.

DEBENTURES

Debentures are coupon bearing certificates which are issued either in bearer form or registered as to principal. Interest is payable semi-annually with the first coupon due six months after the date of issue.

REGISTERED
DEBENTURE

No. R


**THE
EASTERN
CANADA**
 SAVINGS AND LOAN
 COMPANY

in
the principal sum of

_____ maturing

A.D. 19
bearing interest at
% per annum.

Principal and interest
payable at the
Head Office of the Company
Halifax, Canada.

Negotiable without charge at any
Branch of any Chartered Bank in
Canada.

A TRUSTEE INVESTMENT
in the Provinces of


Nova Scotia, New Brunswick,
Newfoundland, Prince Edward Island,
Ontario, Alberta and Saskatchewan.

REGISTERED DEBENTURES

Registered Debentures are certificates which are fully registered both as to principal and interest and are transferable only on the books of the Company. Interest is payable by cheque semi-annually with the first cheque being issued six months after the date of issue. On amounts of \$5,000.00 or more, interest can be paid monthly, by cheque, if requested.

ACCUMULATIVE
DEBENTURE

No. _____


**THE
EASTERN
CANADA**
 SAVINGS AND LOAN
 COMPANY

in
the principal sum of

\$ _____

with interest compounded
half-yearly at %

Principal and interest payable
at
the Head Office of the Company
Halifax, Canada

Negotiable without charge at any
Branch of any Chartered Bank in
Canada.

A TRUSTEE INVESTMENT
in the Provinces of

Nova Scotia, New Brunswick,
Newfoundland, Prince Edward Island,
Ontario, Alberta and Saskatchewan.

ACCUMULATIVE DEBENTURES

Accumulative Debentures are certificates bearing one coupon only. They are issued either in bearer form or registered as to principal. Compound interest, calculated semi-annually and payable at maturity, is subject to income tax the year the Debenture matures. If you wish to report interest yearly for income tax purposes, special arrangements can be made through our Savings Department.

While the sum invested is not repayable until maturity, in the event of death and on request of the Executor, the principal sum with interest to date will be paid to the estate.

All three types of Debentures are a trustee investment in Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Ontario, Alberta, and Saskatchewan.

Coupons and Debentures are negotiable without charge at any Chartered Bank in Canada.



AGENTS

Arthur Atkinson Insurance Ltd., Lunenburg, N.S.
Banner Real Estate & Insurance Ltd., Middleton, N.S.
Kevin Campbell, Labrador City, Newfoundland
Curtis Chipman, Wolfville, N.S.
Commercial Agencies Ltd., Glace Bay, N.S.
Max Cornick, Labrador City & Wabush, Newfoundland
W. E. Cosman & Son, Digby, N.S.
David G. Cottenden, Bridgetown, N.S.
C. R. Coughlan, Q.C., Bridgewater, N.S.
Reginald F. Davis, Grand Falls, Newfoundland
C. Hanson Dowell, Middleton, N.S.
Eastern Realities Ltd., Antigonish, N.S.
Fulton's Insurance Agencies Ltd., Truro, N.S.
Rosco G. Handspiker Insurance Ltd., Digby, N.S.
James M. Harding, Q.C., Shelburne, N.S.
Harding Real Estate Ltd., Bridgewater, N.S.
Paul P. D. Hatty, Saint John, N.B.
Hicks, LeMoine & Haugg, Amherst, N.S.
Holloway Insurance Ltd., Liverpool, N.S.
Harold Huskilson, Shelburne, N.S.
Lee J. Johnston, Wolfville, N.S.
C. N. Kaulback, Bear River, N.S.
MacIntosh, MacDonnell & MacDonald, New Glasgow, N.S.
Mrs. Jean C. MacPherson, Q.C., Antigonish, N.S.
A. G. Macdonald, Q.C., Windsor, N.S.
Minas Realities Ltd., Windsor, N.S.
Nauss Brothers Ltd., Bridgewater, N.S.
Irving C. Pink, Q.C., Yarmouth, N.S.
Edward Robertson, New Glasgow, N.S.
T. C. Sedgwick, Q.C., Pictou, N.S.
Sullivan, Smith, Sullivan, MacDonald & Moreland, Sydney, N.S.
Thornes Ltd., Corner Brook, Newfoundland
Gordon Tidman, Q.C., Kingston, N.S.
L. G. Trask Agency Ltd., Yarmouth, N.S.
Owen Young, Grand Falls, Newfoundland

SOLICITORS

MacInnes, Wilson & Hallett
Halifax, N.S.

AUDITORS

Peat, Marwick, Mitchell & Co.
Halifax, N.S.

BANKERS

The Bank of Nova Scotia
The Royal Bank of Canada

STOCK EXCHANGES

Montreal & Toronto

STOCK TRANSFER AGENT & REGISTRAR

Canada Permanent Trust Company
Halifax, Montreal & Toronto

REGIONAL MANAGERS

Gerald N. Slaunwhite

Nova Scotia, New Brunswick
and Prince Edward Island

Robert S. Haines

Newfoundland

SENIOR ADMINISTRATIVE STAFF

Peter D. Flemming

Chief Accountant

Morris D. Moore

Chief Mortgage Officer

Frederick I. Rutherford

Information Systems Manager

HEAD OFFICE DEPARTMENTS

Ronald E. Briggs

Supervisor of Investments

Deanna M. Chute

Supervisor of Debenture Processing

Terry R. DeYoung

Supervisor of Mortgages

Ena F. Hills

Executive Secretary

Marilyn J. Newport

Supervisor of Data Processing

Gary H. Stronach

Senior Computer Programmer

Stuart D. Wornell

Personnel Officer

BRANCH MANAGERS

Velma F. Andrew

85 Queen Street,
Charlottetown, P.E.I.

James A. Bailey

Bathurst Shopping Mall,
Bathurst, N.B.

Robert B. Croft

212 Queen Street,
Fredericton, N.B.

Wayne V. Dauphinee

1199 Main Street,
Moncton, N.B.

John S. Davies

Bayers Road Shopping Centre,
Halifax, N.S.

Arthur J. Dawe

19-21 West Street,
Corner Brook, Newfoundland

Ralph W. Dickey

170 Water Street,
St. John's, Newfoundland

Robert S. Haines

95 Bonaventure Avenue,
St. John's, Newfoundland

David C. MacAvoy

140 Portland Street,
Dartmouth, N.S.

Larry M. Martin

1819 Granville Street,
Halifax, N.S.

Ralph J. Sanford

373 Main Street,
Kentville, N.S.



THE EASTERN CANADA SAVINGS AND LOAN COMPANY

Head Office: 1819 Granville St., Halifax, Nova Scotia

BRANCHES

1819 Granville Street, Halifax, N.S.

Bayers Road Shopping Centre, Halifax, N.S.

140 Portland Street, Dartmouth, N.S.

373 Main Street, Kentville, N.S.

170 Water Street, St. John's, Newfoundland

95 Bonaventure Avenue, St. John's, Newfoundland

19-21 West Street, Corner Brook, Newfoundland

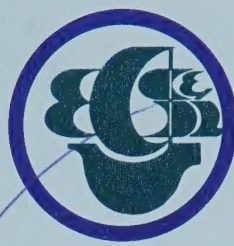
85 Queen Street, Charlottetown, P.E.I.

1199 Main Street, Moncton, N.B.

212 Queen Street, Fredericton, N.B.

Bathurst Shopping Mall, Bathurst, N.B.

AR51



THE
EASTERN CANADA
SAVINGS AND LOAN COMPANY

1819 Granville Street, Halifax, Nova Scotia
B3J 2N8
Telephone (902) 422-1461

July 22, 1975

Dear Shareholder:

The unaudited figures for the six months ended June 30, 1975 as compared with the same period in 1974 are very satisfactory. Net income after taxes is \$1,435,900, resulting in earnings per share of 56.8¢ as compared to 53.7¢ in 1974, and 52.6¢ in 1973. The earnings per share in 1975 are more gratifying when it is appreciated they are based on 12 1/2% more shares issued, 2,527,920 as compared to 2,247,040.

The principal highlights are as follows:

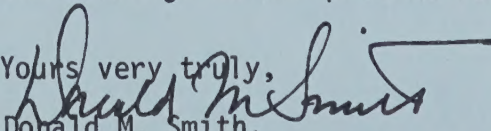
	1975	1974	Increase
Operating Income	\$2,741,900	\$2,297,400	19.35%
Income Tax	1,306,000	1,091,000	19.70%
Net Income	1,435,900	1,206,400	19.02%
Per Share	56.8¢*	53.7¢*	
Dividends	758,400	674,000	12.52%
Per Share	30.0¢	30.0¢	
Mortgages and Consumer Loans	372,900,000	330,641,700	12.78%
Debentures and Deposits	366,237,500	328,837,400	11.37%
Assets	391,168,100	347,239,900	12.65%

* 1974 - 2,247,040 shares o/s

* 1975 - 2,527,920 shares o/s

The Chairman of the Board of Directors advised shareholders by letter dated July 3rd of the proposal to examine the feasibility of establishing by amalgamation, a new large Trust and Loan Company. This study is proceeding as advised in that letter.

Although the National figures for housing starts are substantially less than in 1974, mortgage applications are being received at a rate that has made a very selective lending policy necessary, giving due regard to money available. The outlook for the balance of the year is favourable and earnings at the present rate should be maintained.

Yours very truly,

Donald M. Smith,
President.

